CASINO ADVISORY PANEL
Formal Proposal Cover Sheet

Please fill in *all* categories below:

Name of Local Authority:

BATH AND NORTH EAST SOMERSET

Main Contact:

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Name and title of Submitting Officer:

Name:	John Cox
Title:	Policy & Projects Team Leader

Statement of basis of application:

What exactly are you proposing? Please make clear which type of casino you **primarily** wish to be considered for.

Regional No

Large 0

Small 1

If this proposal is unsuccessful what if any is your fall back/second proposal?

Large n/a

Small n/a

Executive Summary

Bath & North East Somerset Council is particularly excited by the opportunity to attract a casino development.

The City of Bath is a natural choice for a ‘small casino’ licence. A world famous spa, the City was historically synonymous with leisure and gaming and whilst Bath has not been a Permitted Area under UK legislation, European Spa cities continue to successfully link casinos and gaming to their spa activities.

The small casino model is also ideal for Bath. The greater emphasis within a ‘small casino’ on gaming table activities is well matched to the affluent population in the City and its visitor profile. Creating a high quality casino development linked to the wider visitor attractions of the Spa City also allows the Advisory Panel to select a different type of location offer.

Not that a bid would not generate significant regeneration benefits. Recent work by Bath and North East Somerset Council has identified areas of decline within the City and a Business Plan has been developed to address the issues involved. At the core is a decline in visitor numbers and decaying public realm within the City. The proposed casino development is one element in broadening the visitor offer and could, at the same time, generate a contribution towards improving the public realm.

This is not a speculative bid. Bath has a clear vision for the regeneration of its City Centre and the important role a casino development could play in its achievement.

Section 1 - Type of Area

Bath and North East Somerset is a mixed rural and urban area which encompasses the World Heritage Site of Bath. The area enjoys good accessibility with travel times of less than 2 hours to London, Cardiff and Birmingham and links to Bristol International Airport.

The City of Bath is the commercial centre for the area with an economic influence extending into Wiltshire, Somerset and South Gloucestershire. Bath is an international tourism destination attracting 2.5 million visitors each year and a regional shopping centre which generates over £600 million of expenditure annually. Tourism and retail account for 21% of jobs in the city.

Employment in the City, however, has grown at less than half the national rate. Overall visitor numbers are declining and Bath is dropping down the national Retail Vitality Rankings. The "seeds of decline" are evident and in an increasingly competitive market place there is an urgent need to expand and develop the visitor offer and revitalise the public realm.

This is one of the key elements in the "Future for Bath" a 20 year strategic vision for the City which has been endorsed by the Council.

Bath and North East Somerset

Bath and North East Somerset covers around 346 km² in the South West region of England. Bath and North East Somerset comprises the urban areas of Bath, Keynsham, Midsomer Norton and Radstock and their rural hinterland.

Transport Access

Bath to:	Travel Time by Road	Travel Time by Rail
Bristol Temple Meads	30 minutes	18 minutes
Bristol International Airport	40 minutes	53 minutes
Royal Portbury Docks, Bristol	40 minutes	n/a
London Paddington	2 hours 11 minutes	1 hour 35 minutes
London Heathrow	1 hour 48 minutes	2 hours 28 minutes
Cardiff	1 hour 9 minutes	1 hour 8 minutes
Birmingham	1 hour 57 minutes	1 hour 57 minutes

Source AA Route Planner and National Rail Enquiries 25/08/04

Bristol International Airport is the UK's fastest growing airport with a year on year passenger increase of 44.5% (2002). At present, it handles 2.8 million passengers per annum. It recently began operating flights to New York and flights to the far East are planned.

Population Base

Based on the mid-year population estimates the working age population (ages 16 – 64) make up 61.9% of the total population, this compares evenly to the national (GB) average of 62%. When compared to the age structure of the population of England, the latest figures for Bath and North East Somerset show a higher than average proportion of 15 – 25 year olds, and those aged 65+. There are proportionately fewer people aged 25 – 44 years *(Census 2001)*.

Bath and North East Somerset has an ethnic minority population of 3%, around 4,690 people. Of this population, 48% of people are Asian, 35% of mixed origin and 17% are Black. Approximately 80% of these groups live in Bath *(Census 2001)*.

The profile of homeowners has altered in the period between 1991 and 2001 with both the West of England and Bath and North East Somerset experiencing a rise in those owning their homes outright (26% to 30% and 30 – 34% respectively) and a fall in those owning houses with a mortgage (47% - 42% and 43% - 38% respectively). This is considered to be a reflection on both an aging population of owner occupiers, an increase in numbers of people privately renting and an increase in the buy to let market *(Census 1991 and 2001).*

Qualifications – Working Age Population

	Bath and North East	**%**	**SW %age**	**GB %age**
NVQ4 and above	35,900	34.4	26.1	25.2
NVQ3 and above	56,500	54.1	45.6	43.1
NVQ2 and above	74,900	71.8	65.1	61.5
NVQ1 and above	89,000	85.3	81.8	76
Other Qualifications	6,200	5.9	7.5	8.8
No Qualifications	9,200	8.8	10.7	15.1

Source: Nomis; Local Area labour force survey (Mar 2003- Feb 2004)

The resident population of Bath and North East Somerset have higher than average qualifications across all levels. This is particularly noticeable at level NVQ4 and above, which is to be expected given that Bath hosts two universities. The area also has a lower proportion of the population with no qualifications when compared to the South West and British averages.

Employment

Employees in Employment by Sector

	Bath		**Bath and North East Somerset**		**Great Britain**	
Total Employee Jobs	64,955		91,276		26,024,704	
Full Time	46,562	72%	64,213	70%	17,684,388	68%
Part time	18,395	28%	27,063	30%	8,340,265	32%
Primary Industries	1,832	3%	4,117	5%	1,566,010	6%
Manufacturing	2,887	4%	7,261	8%	3,092,131	12%
Service Sector	60,236	93%	79,898	88%	21,366,563	82%

Distribution, hotels and restaurants	14,010	22%	21,331	23%	6,418,524	25%
Transport and Communications	1,366	2%	2,471	3%	1,544,141	6%
Finance, IT and other business activities	10,854	17%	13,999	15%	5,193,452	20%
Public Administration, Education and Health	31,932	49%	38,544	42%	6,872,265	26%
Other Services	2,074	3%	3,553	4%	1,338,181	5%

Source: Annual Business Inquiry, 2004

The employment structure in Bath and North East Somerset generally follows national patterns although total service sector employment is above national averages. There are significant variations in employment patterns across the area, with North East Somerset having more manufacturing jobs. Bath is heavily dependant on the public sector which accounts for almost 50% of employment. Retailing and tourism together provide 22% of local jobs.

Employment Change between 1996 and 2004

	1991 - 1996	1996 - 2001	2001 - 2004
Bath	5%	1%	3%*
Bath and North East Somerset	6%	2%	4%*
West of England	10%	9%	6%
South West	9%	10%	4%
Great Britain	7%	9%	2%

** Excluding employment growth in defence activity*

Source: Annual Employment Survey employee analysis, annual employment survey. Re-scaled employee analysis, annual business inquiry employee analysis

The Bath and North East Somerset area and the City of Bath, discounting local variations in defence related jobs, have both experienced underlying levels of employment growth below national and sub-regional averages since 1991. Future forecasts (Cambridge Econometrics for the South West Regional Assembly) suggest that there will be little or no growth in public sector employment and that job growth will be focussed in business services, retailing, leisure and tourism.

Tourism and Retail

Retail Expenditure & Vitality

City and Town Centre Trading Levels in 2004 (£ millions)

Centres	**Available Expenditure on Convenience Goods**	**Available Expenditure on Comparison Goods**	**Total**
Bath	150.25	477.42	**627.67**
Keynsham	21.14	20.54	**41.68**
Midsomer Norton/ Radstock	58.63	28.64	**87.27**
TOTAL	**230.02**	**526.6**	**756.62**

Source: NEMS Household Survey 2004, Nathaniel Lichfield Planning

Retail expenditure in Bath and North East Somerset totals over £750 million. The bulk of this expenditure (£627 million) is generated in Bath city centre which accounts for 80% of the total. Approximately 40% of the retail spend in Bath (£252 million) is attracted from visitors from outside the Bath and North East Somerset area showing the strong economic inter-dependence between the tourism and retail sectors.

As a regional shopping and visitor destination Bath competes with other major centres such as Bristol, Exeter and Cheltenham. In 2000 the Experian Retail Centre Report described Bath as a "fading star" and between 2002 and 2004 the city fell eight places in the national rankings, putting it behind the majority of main retail centres in the South West.

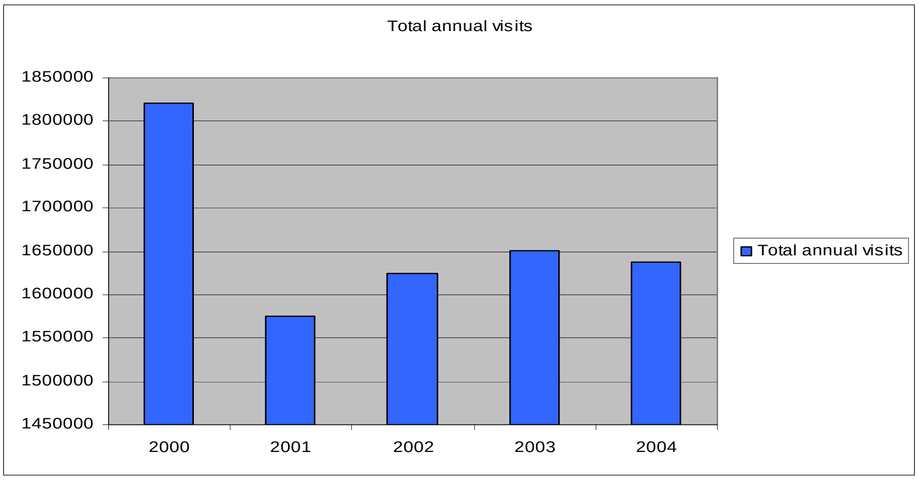
Tourism Statistics and Trends

Item	**Statistic**	**Year**
Average length of stay in serviced accommodation	1.8 nights	2004
Total visitors to attractions	1,638,194	2004
Day Visits	3,314,000	2003
Total staying visitor trips • Of which UK staying visitors • Overseas staying visitors	865,500 665,500 210,000	2003
Visitor Spend • Value of UK staying visitors • Overseas staying visitors • Day visitors	£281,076,000 £113,261,000 £67,970,000 £99,845,000	2003

Sources: Bath and North East Somerset Council, South West Tourism and the International Passenger Survey.

Research carried out by Bath Tourism Plus, the Council's arms length delivery partner and South West Tourism, shows that Bath continues to attract a high percentage (32%) of staying visitors from overseas, principally from America but increasingly from Europe and the Far East. The spend per head of staying visitors is above average compared with other UK historic towns and accounts for over 60% of overall expenditure. Average length of stay has increased marginally since 2002 but remains below 2 nights. Business tourism accounts for only 1% of all visits which is low in comparison to other historic University towns.

Total Annual Visitor Numbers to Attractions in Bath and North East Somerset, 2000 – 2004



Source: Bath and North East Somerset Council, Visitor Performance Report (all attractions), 2005

Annual visitor numbers to attractions in Bath and North East Somerset have fallen since 2000 and despite a partial recovery remain 10-15% below levels enjoyed at the beginning of the decade.

International Passenger Survey - Top UK Cities/Towns, 2000 – 2002

City/Town	Visits 000s 2000	Visits 000s 2001	Visits 000s 20032
London	13,150	11,450	11,600
Edinburgh	910	850	850
Oxford	410	360	390
Cambridge	370	260	280
Bristol	360	310	310
York	310	240	230
Bath	**300**	**220**	**200**
Brighton/Hove	260	240	230
Cardiff	240	250	280

Source: International Passenger Survey (IPA), 2000, 2001, 2002 (ONS)

Most UK destinations have seen a reduction in overseas visitor numbers since 2002. Over the last two years the figures show that Bath has lost 30% of its international visitors, a higher proportion than other competitor destinations.

Accommodation

Type	Total Number of Bed Spaces
Serviced Accommodation	4462
Self Catering	213
Hostels	451
Inns	95
Farms	114
Caravan & Camping	195 pitches

Source: Bath Tourism Plus

Bath has a range of visitor accommodation available although there are limitations on the quality and size of serviced accommodation. Only 12% of providers have more than 10 rooms and the majority of accommodation is mid-range in quality – 2/3 stars. Occupancy rates remain well above average at 74% whilst the City has lost approximately 8% of its stock of bed spaces over the last two years.

Entertainment Facilities

As an international visitor destination, the City of Bath has numerous attractions. In addition to its architecture and heritage, there are a number of notable museums, including the Roman Baths – one of the top 20 visitor attractions in the UK. The City plays host to a number of important arts festivals throughout the year, has a new multiplex cinema and is home to the Theatre Royal, which regularly features pre-West end performances. It is an important regional shopping centre with a unique mix of both national multiples and independent, specialist retailers. Each year, a Christmas Market is held, attracting thousands of UK and overseas visitors during its 10 day run. In the surrounds are Areas of Outstanding Natural Beauty affording opportunities for a variety of countryside pursuits. There are also sport and leisure facilities in each urban area as well as attractive, well maintained parks and open spaces.

Regeneration Needs & Tourism Development

In 2005, the Council launched "The Future for Bath", a long term Vision for the development and revitalisation of the City. To take forward this Vision Ernst & Young were commissioned to prepare the "Bath Business Plan" identifying the key issues, priorities and opportunities that needed to be addressed.

In their findings, Ernst & Young state that while Bath *"is a beautiful city, offering a rich history, fabulous architecture and varied culture"* it *"is not quite the vibrant and wealthy town it once was… The Bath economy, so strongly reliant on tourism, is facing declining visitor numbers. There are few other large private sector wealth creators in the City and yet much of the built environment and public realm is in need of substantial investment. Large parts of the City now fall substantially below what would be expected of a World Heritage City."*

In their conclusions, they state that *"Bath is well placed to attract more visitors"* but that in order to do this, it needs to *"extend its offer"*. They also comment that the City has a *"lack of business tourism space"* – a growing and high value area of the tourism market.
The Business Plan recommends that:-

- Bath continues to strengthen its heritage offer whilst building on other city strengths such as the Spa and Festivals
- A more strategic approach is taken towards marketing to target high spending and growing visitor sectors
- Steps are taken to extend and strengthen both the size and quality of the cities accommodation base
- All options are considered for the provision of suitable conference facilities to facilitate the expansion of business tourism
- New retail developments seek to reinforce not dilute the cities unique retail experience particularly along the north / south retail spine
- Visitor management is improved through enhancement of the public realm and the stimulation of east / west cultural flows in the city

The development of a small Casino in Bath city centre would assist in addressing a number of these aims.

Indices of Deprivation

The Indices of Multiple Deprivation demonstrate the disparity in the quality of life of residents of Bath and North East Somerset. Parts of each of the urban areas fall into the top 50% most deprived output areas in the country, with Bath particularly suffering around Twerton West and Whiteway where they sit in the top 20% most deprived in the country.

The Indices of Deprivation also identify relatively high income deprivation in Bath, in some wards of Midsomer Norton and Radstock and in the rural areas of Timsbury and Peasedown-St-John. These areas of high income deprivation coincide with areas where a large proportion of the resident working age population have no or low qualifications. In the Twerton and Southdown areas of Bath, 50 – 59% have qualifications below level 2. Similar percentages are also seen in the Radstock and Westfield, Midsomer Norton Redfield and Keynsham South wards. This compares with an average in England of 45%.

Social Impact

With its combination of below average crime rates (see section 2), a relatively wealthy drive-time population (see section 5) and visitors with high disposable income Bath provides a “distinctive” opportunity to assess the impact of a small Casino, fitting well with the Advisory Panel’s intention to test different models

With its existing international tourism base and the appeal of its cultural, heritage and retail attractions, Bath is also well placed to assist in the positive promotion of casinos and gambling as part of a wider and more positive concept encompassing fun, enjoyment, high quality entertainment and health and wellbeing.

Section 2 - Social Impact

Police statistics show that the Bath and North East Somerset area has relatively low levels of crime and disorder. The Council has well developed links with agencies and voluntary groups working in the areas of community safety and debt counselling and also with minority groups. These can be utilised to monitor potential social impacts.

The area has a skills base in the leisure and hospitality sector with a range of related training opportunities offered by local Further Education Colleges which will ensure a supply of suitably qualified labour. The Council is part of a sub-regional partnership working to maximise the employment of local people in regeneration projects and would seek a local labour agreement with the Casino operator.

Context and Views

The Council believes the style of casino it would wish to attract (ie a small, high class operation with an emphasis on gaming tables rather than machines), will have a largely positive social impact.

Bath has a limited variety of offer for visitors, particularly in the evening. A casino will provide an additional attraction - one that should appeal to a broad age range. This will help strengthen the City's evening economy and dilute the youth market associated with the late night activities currently on offer.

Other positive social benefits include the creation of jobs, particularly for those with limited academic achievements (28% of Bath and North East Somerset's population has lower than NVQ 2 qualifications). We also anticipate spin-off benefits for local businesses, directly through servicing and supply and indirectly through increased/longer-staying visits to the City.

Bath has a relatively low crime rate. According to the RDS British Crime Survey, the number of recorded crimes in Bath and North East Somerset fell from 9,564 in 2003/4 to 8,497 in 2004/5 – a reduction of 11.2%. IQuanta gives the average crime rates of our 'Most Similar Family' grouping of local authorities and for the period 1/11/05 – 31/1/06, the MSF average for BCS Crime was 14.175 and for Bath and North East Somerset, 12.678. *(Crime and Disorder figures provided by IQuanta relate to unscrutinised monthly returns provided by individual CDRPs and BCUs)*

The Police have indicated that "*there is no data available that suggests that gambling in Bath City causes problems linked to the night-time economy or at any other times. At this stage, there is no suggestion that a professionally managed Casino sited in Bath City Centre would cause any particular problems."* They have added that *"personal experience surrounding such professionally managed establishments in Bristol is that they cause very little impact in relation to anti-social behaviour or associated crime. The biggest concerns to us as an organisation would be security, potential for serious robbery and the risk of attraction/infiltration by Serious and Organised Crime Gangs. Most of these problems can be predicted and measures taken to reduce or eliminate the risk."*

The Council would work closely with the Police on the siting of the casino and ensure their involvement in the inspection of any applications submitted for the development and management of a casino. It will also observe EU Directives in respect of money laundering.

We are aware that a minority of people have gambling addictions and that the introduction of new ways to gamble could lead to an increase in this problem. We have therefore sought the views of a number of relevant, local organisations with whom the Council has a close working relationship.

Bath and North East Somerset Racial Equality Council welcomed the introduction of a new attraction/outlet for people's energies and acknowledged that the style of operation proposed was likely to have a limited impact on Bath's ethnic minority/low income groups. They stated that while gambling is prevalent among the Afro-Caribbean community, it tends to be frequent, low stakes in betting shops.

Their over-riding view, however, is that gambling should be discouraged. They felt women were at risk as, in some instances, money is gambled away by their male partners before reaching them for household necessities. They also felt businessmen may be at risk through peer pressure and the expectation that they can afford this type of gambling activity. In addition, they commented that the introduction of casinos in certain areas has led to the closure of other leisure related businesses such as bookmakers and wine bars.

Bath's East Asian and Chinese Friends Group confirmed that gambling is a popular pastime among the Chinese, particularly those who work anti-social hours in take-aways/restaurants. They felt that the Chinese community are likely to welcome a casino in Bath as many currently journey to Bristol to use the facilities there. They confirmed that there is a 'small but persistent' problem with gambling addiction and said they would welcome the provision of literature in Chinese languages detailing how addicts can get support.

Bath Citizens' Advice Bureau currently deals with 25,000 enquiries per annum and around 40% of these relate to unmanageable debt. They did express concern that making gambling easier in the City would exacerbate this problem, particularly if there was a facility to use credit cards in the casino. However, they also welcomed the jobs that will be created plus the increased revenue to the local economy.

The Council's view is that gambling addiction affects only a minority of people. The style of operation being proposed has already been acknowledged by those consulted as being aimed at a particular market and therefore unlikely to adversely impact ethnic minority groups or low income households to any great extent.

The Council notes that the Gambling Act proposes tighter regulations on casino operators, together with a strengthening of social responsibility on their part and that a Gambling Commission Code of Practice is due. We look forward to this publication and will meet the final requirements of the Commission guidelines. We would also work closely with any chosen operator to ensure these are implemented and encourage them to join other, local initiatives already in place to ensure minimal disruption to staying visitors/residents.

Existing Social Impact Initiatives

Bath is home to a residential population of 84,000, many of whom live in the centre of the City. As in many towns and cities, some residents and visitors can find the levels of noise and disruption from late night activities an issue and, as a result, a number of measures have been taken to limit and control these. A City Centre Management Group brings together stakeholders to consider and address day to day management issues and the Council also has a Community Safety Plan aimed at reducing crime, disorder, nuisance and the fear of crime.

By working in partnership with other agencies, a number of measures have been introduced including the provision of community wardens, taxi rank marshals and CCTV cameras. Joint working with the Police is on-going and the Council expects this partnership approach to be embraced by the licensing trade which is encouraged to participate in various initiatives, some of which are detailed below.

The **Bath Bar Charter Group** comprises licensees of local pubs/clubs, residents, representatives of the Council, Police and Chamber of Commerce. Their aim is to encourage licensed premises to share best practice and work to resolve issues of concern.

During the day, many of the City's businesses are linked by radio through the **Bath and District Business Crime Reduction Partnership**. In the evening, a similar scheme operates under the name of **Knightwatch.** All licensed premises are encouraged to have trained, registered door staff and other safety measures such as CCTV.

The Council's **Community Safety Partnership** works closely with the Police in order to combat anti-social behaviour. There is a scheme in place by which any offender arrested twice in one year for criminal damage, public disorder or alcohol related offences in Bath and North East Somerset will be barred from pubs and clubs belonging to the Pub Watch scheme. For a third offence, an application will be made for an anti-social behaviour order. A casino operator would be required to participate in existing community safety initiatives.

Within Bath and North East Somerset there are a number of organisations providing support for those with other addictions such as drugs and alcohol. These include The Drugs and Homelessness Initiative, Bath Area Drugs Advisory Service and Alcoholics Anonymous.

There are currently limited opportunities for gambling within Bath and North East Somerset. Therefore no specific research has been undertaken into the level of problem gambling in this area and no baseline data currently exists. However, the Council would use its well developed links with the agencies and voluntary groups listed above and others, to pre-empt, monitor and control any negative social impacts.

In addition, the Council is currently preparing its statement of licensing policy in accordance with the Gambling Act 2005. As specified in the guidance to the Act, the Council will be carrying out a comprehensive consultation exercise with anyone who might be affected or have an interest in Gambling and with those who are specified in the list of statutory consultees. Once the guidelines for the policy have been produced by the Gambling Commission the Council intend to start the consultation exercise in June 2006 in time to achieve the January 2007 deadline. At the current time an officer/member working group has been set up from within the Council to prepare and produce a draft policy statement. This will specify how the Council will address the Government's licensing objectives and will include a special chapter on casinos.

Job Creation and Training

The Council is part of the West@Work partnership which operates across the West of England area. The partnership brings together the four Unitary Authorities in the sub-region, the West of England Learning and Skills Council, Business West and Connexions – the youth advisory service.

The Partnership seeks to work with major developers and employers in promoting training opportunities and employment for local people. The Council will require the selected casino operator to enter into an agreement with West@Work which will:-

- Provide local people with the opportunity to apply for jobs created by the casino

- Ensure agreements are in place with local training providers to assist local people in acquiring the skills required for employment in the casino.

Section 3 Need for Regeneration

The "Vision for Bath" identifies that much of the centre of Bath falls below the standard expected of a World Heritage Site and there is a need to promote new investment. The Council is working on the "Bath Business Plan" to bring forward key regeneration sites within the city and would use the development of a Casino to further this process, building on the opening of the Thermae Bath Spa and investor interest in the expansion of the city's hotel stock.

The Council wishes to attract a small casino to Bath city centre as this will maximise the benefit to the visitor economy, helping to extend length of stay, increase spend per head and build business tourism creating a less seasonal and more sustainable leisure and tourism sector.

Bath is well placed to accommodate a casino development. Its complimentary employment and skills levels, the relatively large local population, and the strong visitor numbers create a sustainable market for a small casino development.

The high standards and investment in training that such an operator would require would have a beneficial impact on the leisure and tourism sector locally.

Employment

A casino development in Bath would strengthen employment within the City's tourism and hospitality sector. Generally, a 'multiplier model' will provide a detailed indication of the direct (primarily the jobs and incomes from the everyday operation of the casinos) and the induced (that created as a result of the increased wages of casino employees) employment benefits of a casino development.

Obviously the scale of the casino will dictate the employment levels and subsequent benefits. However, in a recent report by Pion, commissioned by the Northwest Regional Development Agency, job numbers were identified for each type of casino development (regional, large and small). The report suggests circa 200 jobs will be created by the development of a small casino.

Employment levels across Bath residents are high; the figures show that the City has a below average unemployment claimant count.

Unemployment Claimant Count

	Claimant Count August 2005	
	Number	**Rate %**
UK	880,727	2.4
England & Wales	761,072	2.3
South West	42,579	1.4
Bath and North East Somerset	1,045	1.0
Bath	**725**	**1.3**

Source: Claimant Count Aug 2005

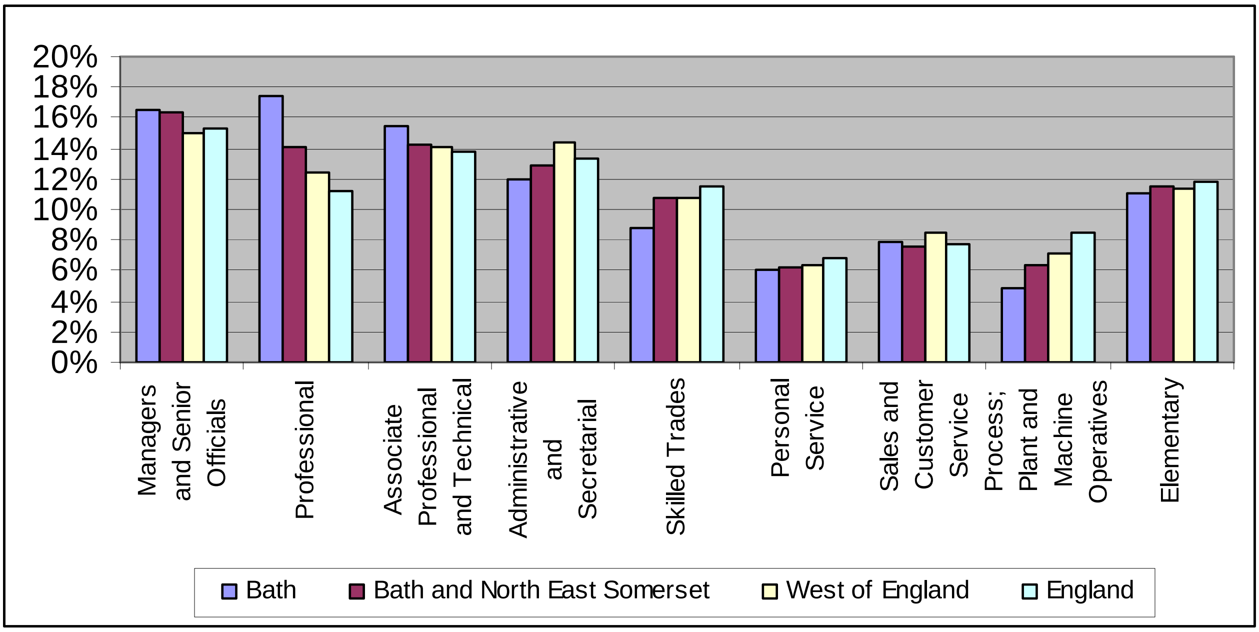
The Job Seekers Allowance Claimant Count does not tell the whole story about the economic productivity of the Bath workforce. Bath has a relatively high level of economic inactivity amongst its population. The average level of economic inactivity in Great Britain in 2001 was 21.7% compared to the rate for Bath of 26.3%. Bath will benefit from both the direct and induced impact of a small casino development.

In addition many commuter wards, such as Radstock and Midsomer Norton North, which are located within a 30 minute drive time of Bath, also have a relatively low claimant count, averaging at 1%, but again share high inactivity rates. Overall, the Bath and North East Somerset Unitary Authority has an inactivity rate of 22.6%.

Employment Mix

Bath has a high proportion of workers employed in higher occupational grade jobs. Bath is in the top quartile of UK Local Authorities for this type of employment and within the South West Bath is placed second.

Employment by Occupation



Source: Census 2001

As indicated in section 1, Bath has 22% of its workforce dedicated to distribution, hotels and restaurants, the second largest employment sector in the city.

The mix of tourism, heritage, culture, sport, festivals, and critically, the independent retail offer, provide Bath with a large suitably skilled workforce to accommodate and create a strong visitor experience. It is this workforce and subsequent skills, which a casino operator can embrace and use.

The table below highlights a selection of current advertised hospitality jobs and the associate wage levels.

Hospitality related jobs and associated wage levels		
Job title	**Location**	**Wage level**
Assistant Restaurant General Manager Responsible for the operation of the restaurant and staff	Bath	£16,000 - £17,999
Assistant Bar Manager Day to day management of the operation of bar and function room	Bath	£12,500 - £14,000
Guest Service Assistant / Receptionist Reception duties, cash handling and customer service	Bristol	£12,000 - £12,500

Source: www.totaljobs.co.uk, 2006

Casino operators demand a high skill level from its employees to comply with industry standards. It is these standards which will allow Bath to benefit from inflating the general skill and wage levels of its hospitality and service based employees. The table below highlights the wage level for a selection of casino jobs based in Bristol.

Casino related jobs and associated wage levels		
Job title	**Location**	**Wage level**
Casino Cashier 2 years experience	Bristol	£11,000 - £18,000
Casino Croupier Experience in AR, BJ, TCP, CSP essential	Bristol	£11,000 - £18,000
Casino Slot Technician 2 years experience (AWPs & machines)	Bristol	£11,000 - £19,000
Casino Administrator Processing, pay roll, invoicing, PA to MD	Bristol	£17,000 - £18,000
Casino Manager Applicant to hold a grey license with management experience	Bristol	£24,000 - £26,000
Front of House Supervisor Day to day operational responsibility with a background in restaurant management	Cardiff	£17,000 - £18,000

Source: www.totaljobs.co.uk (ROC recruitment), 2006

Often, jobs within tourism, hospitality and leisure are characterised as predominantly low skilled, relatively informal and frequently part time, involving a high staff turnover and being somewhat casual in nature. In comparison this is not a true reflection of the casino/gaming industry.

The gaming industry tends to take employment practices extremely seriously and the reason for this is the strict and carefully regulated regime of the sector. Failure to comply with regulatory procedures results in severe penalties including the possible loss of a licence. In order to operate and consistently meet the regulatory requirements of the licence, staff need to be reliable, well trained, and formally supervised. This, in turn, drives employment practices and in turn influences higher wage bands, identified in the above table.

Skill Levels

It is recognised that Casino operators offer one of the highest training and skill requirements within the service and hospitality sector. The ability of the employees to adopt high standards is a crucial aspect of the operator retaining their license.

As a University City, Bath might be expected to have a workforce based on higher level skills. This is supported by the statistics shown in Section 1. The Bath and North East Somerset area is within the top 50 UK Local Authorities for residents with qualifications of NVQ4 and above.

The findings suggest that Bath and North East Somerset does have a relatively high graduate level population compared to regional and national levels.

Within a 30 minute drive time of Bath a number of educational opportunities are available. Bath Spa University offers courses in business and tourism, and the City of Bath College recently operated a full time hospitality course. Alternatively, the City of Bristol College (located within the 30 minute drive time of Bath) operates a number of hospitality and catering courses offering varying levels of qualifications.

The availability of a skilled workforce, experienced in service related industries such as tourism and hotels, alongside the existing infrastructure to help up-skill and train prospective employees, highlights the ability of Bath to accommodate a casino development.

Incremental increases in GVA created by the proposal

The recent Pion report uses an ‘impact model’, which separates the impacts of a development into direct, indirect, and induced effects. From this, Pion suggests that small casino will generate Gross Value Added (GVA) per annum of £7m. However, due to regional displacement, GVA will reduce to approximately £5m per annum.

Ernst & Young supports this view and within this report estimates a direct benefit of £3.46m. The level of employment suggested by Pion for a small casino (200) multiplied by the average regional salaries for the variety of casino activities highlighted in the earlier table, allows Ernst & Young to identify a direct benefit value. This direct value alongside the additional indirect and induced values is likely to create a similar annual GVA suggested by Pion.

Leakage

Bath and North East Somerset Council will actively seek to reduce any leakage from the local economy and believes that a small casino development will add to the attractiveness for both the local population and visitors.

A casino, along with other developments such as the Spa, will add to the diversity of Bath’s tourist offer and seek to encourage not only increase visitor numbers, but the time and expenditure spent in the City. It is this visitor market, which will help dilute any leakage in the local economy caused by the casino development.

How the casino would fit into the local regeneration effect

Bath according to the visitor guides is a beautiful City with World Heritage Status. This combined with the strong retail offer and overall environment has enabled Bath to become and important tourist city.

In reality however, the City is facing economic and environmental challenges. The quality of much of the public realm is deteriorating and suffering from under-investment. Development has proved difficult and many of the policies which seek to preserve Bath are in danger of causing its decline. Falling visitor numbers are also threatening the key employment sectors of retail and tourism.

A casino development is likely to have a significant impact on the physical environment within Bath. The Pion report suggests a construction cost for a small casino in the region of £5m. Clearly the architectural merit and overall contribution of the scheme within a built environment will depend on the specific scheme and location, but there remains an opportunity to direct further investment into the public realm, which can help Bath to improve the East – West flow in the City, broadening the impact of the casino and further capital projects.

Ernst & Young believe, without undue uncertainties and potential threats to the timeline, the likely timescale for the development of a small casino from initial location assessment, through the premises and operating licences, planning, and construction to be in the region of over 3 years. It is therefore likely that a small casino can be operational by the end of Q4 2009.

This timeline will match a number of proposed developments in Bath, which will help regenerate the city. If Bath is to develop effectively however, there is a need for careful balance, building and diversifying the City's strengths.

It is this balance which fits well into the Casino Advisory Board's business model, ensuring a range of locations are used to establish casinos of different sizes. The historic and cultural strength of Bath and its need to diversify its visitor offer fits well with the establishment of a casino. The qualitative benefits of a casino will help the city develop a diverse evening economy.

The Bath Vision highlighted the lack of diversity in Bath's evening economy. A casino development will help Bath and North East Somerset Council create vibrant complimentary activities to attract greater overnight visitors. Alongside the new Thermae Bath Spa, a proposed new city centre spa hotel and cultural facilities at Green Park Station, a casino development will add value to the leisure cluster, providing much needed diversity to the city to attract both visitor and resident alike.

Section 4 - Willingness to Licence

The 'Vision for Bath' has set out the future regeneration of the City and a casino development would play an important role in this regeneration scheme. The 'Vision for Bath' has gained wide support across the City.

The Council has resolved to submit an expression of interest for licensing a new Casino in the area and this is supported by key local business organisations and tourism industry groups.

The Economic Partnership for Bath and North East Somerset, part of the area's Local Strategic Partnership has positively endorsed the Council's action.

Council Resolution

On 17th November 2005, Full Council resolved to recommend the Council Executive to:

(1) Submit an initial expression of interest to the Government-appointed Independent Advisory Panel for licensing a new casino in Bath and North East Somerset.

(2) Instruct the Head of Economic Development to investigate further the case for a casino in Bath and North East Somerset as set out in this report and report back to the Executive.

On 7th December 2005, the Council Executive resolved unanimously:-

(1) To note that Council has previously indicated its agreement with these proposals at its meeting on 17th November 2005;

(2) To agree to submit an initial expression of interest to the Government/appointed independent Advisory Panel for licensing a new casino in Bath and North East Somerset;

(3) To agree to instruct the Head of Economic Development to investigate further the case for a casino in Bath and North East Somerset as set out in this report and report back to the Executive

Resolutions of support by the Local Strategic Partnership

The Bath and North East Somerset Economic Partnership represents the area's economic interests and issues on the Local Strategic Partnership. It is charged with taking forward the 10 year Economic Strategy developed in partnership with a range of organisations representing business and community groups.

The Economic Partnership has confirmed its positive support for the establishment of a small "quality" Casino in Bath city centre.

Local Consultations

The Council has for a number of years promoted the economic and cultural synergies between Bath's role as a Spa city and the re-introduction of a casino into the city. In undertaking consultation on the development of the Bath Spa project in the late 1990's the

European model of a Spa town, containing a casino as part of a range of leisure and cultural facilities, was applied to Bath. More recently over the last nine months the Council has undertaken a series of consultative meetings on the “Future for Bath “ Strategic Vision. The Vision promotes a Casino as part of a re-vitalised City.

The Council has received support for its decision to submit an expression of interest for licensing a new Casino in Bath from a range of business organisations and tourism industry groups. These include:-

- **The Bath and North East Somerset Initiative**
- **Business West / Bath Chamber of Commerce**
- **Bath Hotels & Restaurants Association**
- **Bath Independent Guesthouses Association**
- **Bath Area Self-Catering Association**

Bath and North East Somerset’s intention to bid for a casino licence has been reported in several local newspapers but to date, the Council has received no correspondence from any organisation or individual expressing an objection.

Section 5 Probability of Implementation

Bath has a 30 minute catchment area population in excess of 1m people and, we estimate, a catchment area independent of Bristol which still meets the likely population threshold target for a small casino operator. The City also attracts over 800,000 staying visitors each year generating a spend of over £200 million.

The City currently has an under-representation of gaming establishments and there is active interest from suitable operators in opening a casino in Bath.

Revenue Model (Illustrative)

In examining the location and influence of casinos it is important to develop an understanding of the likely revenue models used in feasibility planning by the operators. Broad assumptions can be made about revenue models, which in turn allow Ernst & Young to consider the likely population required to sustain a casino.

Ernst & Young prepared an illustrative scenario of a casino revenue model, highlighted in the table below, based on information supplied by casino operators, industry analysts, the experience of other gaming jurisdictions and our own experience in the casino industry.

Small Casino – Revenue Model (illustrative)			
	Low	**Base**	**High**
No. of Visits	125,000	150,000	175,000
No. of Machines	80	80	80
No. of Tables	40	40	40
Revenue	**£ 000s**	**£ 000s**	**£ 000s**
Machines	2,600	3,200	3,800
Tables	2,600	2,900	3,100
Bingo/Betting	300	400	500
Gaming Total	*5,500*	*6,500*	*7,400*
Food & Beverage	500	700	1000
Total	**6,000**	**7,200**	**8,400**

This model provides an illustration of the scale of operation and likely expenditure which may be expected from a small casino. This data can also be used to approximate the number of visitors required for a small casino.

The report by Pion Economics for the Cross Industry Gaming Group provides data which allowed Ernst & Young to understand the thresholds which may be considered by casino operators to predict the attractiveness of a location to casino operators. The key metrics from Pion are considered below:

Key Casino Metrics – Current and Predicted		
	Baseline (current)	**Post de-regulation**
Adult casino participation	3%	10%
Visits per participant	9	12
Average Spend	55	45

Source: Cross Industry Gaming Group

The Pion Economic assumptions and data can be used to identify what catchment area is required to sustain a small casino, assuming no competition, to generate a minimum turnover of £6m.

Given the Pion Economics assumptions identified in the table above, that 10% of adults will visit a casino on average, once per month and spend, on average £45, Ernst & Young is able to appropriate a threshold adult population for a 30 minute drive area.

A £45 average visit spend results in a £540 spend per year per person. This means that 11,111 must visit the casino to raise the appropriate revenue. If 11,111 only represents 10% of the population this means the threshold population is 111,110.

30 minute drive time population – Bath

To help achieve this Ernst & Young, using CACI population data and mapping techniques, has identified a 30 minute drive time of Bath. For this purpose standard driving speeds in line with the UK maximum driving regulations have been used.

Estimated population within the 30 minute drive time			
Age	**Male**	**Female**	**Total**
0-4	29,704	28,471	58,175
5-14	63,042	59,979	123,027
15-24	68,915	66,056	134,971
25-34	69,152	70,592	139,744
35-44	77,267	76,901	154,168
45-54	62,967	63,655	126,622
55-64	55,646	56,148	111,794
65+	67,731	90,442	158,173
Total	**494,430**	**512,244**	**1,006,674**

Source: CACI Population Data, 2004

Using the Bath 30 minute drive time population the following tables analyses the potential revenue gain of a casino.

Baseline				
City / Town	**Total Population >15 years within 30 minute drive (000s)**	**Participating Population (3%)**	**Number of Visits (9 per year)**	**Revenue Generated £m (£55 per visit)**
Bath	825	24,764	222876	12.26

Source: Ernst & Young analysis of Pion Economics Assumptions

Post Deregulation					
City / Town	**Total Population >15 years within 30 minute drive (000s)**	**Participatin g Population (10%)**	**Number of Visits (12 per year)**	**Revenue Generated £m (£45 per visit)**	**Increase in Revenue £m**
Bath	825	82,547	990,566	44.56	32.3

Source: Ernst & Young analysis of Pion Economics Assumptions

This analysis highlights that the adult population within the 30 minute drive of Bath far exceeds the required population threshold to sustain a small casino. The CACI data also shows that over 30% of households have an income in excess of £30,000.

The Proximity of Bristol

The Bristol 30 minute drive time incorporates a large proportion of Bath's drive time population. Using the CACI population data Ernst & Young estimates Bath's 30 minute drive time extends a further 209,952 beyond that associated with Bristol.

Using CACI population data, Ernst & Young identified a total adult population of 825,472 (82%) within the Bath 30 minute drive area. Ernst & Young assumed a similar figure to identify the adult population within that which is not covered by Bristol. This provides an adult population of Bath of 172,161, which is above the threshold population required to sustain a small casino.

Other gaming establishments in Bath

Bath currently has a limited amount of gaming establishments. The table below lists the facilities available in the City.

Name	Address
The Crystal Rooms (amusement arcade)	27 Upper Borough Walls BA1 1 RH
Labrokes	16 Westgate Street BA1 1EQ
Labrokes	3 Moorland Road BA2 3PJ
Windsor Racing	5 Cork Place BA1 3BB

H Backhouse (Baker St) Ltd	St. Saviours Rd, Larkhall BA1 6RT
William Hill	109 High St, Twerton BA2 1DB
Gala Clubs (Bingo)	Sawclose BA1 1EY
Bath Racecourse	Lansdown BA1 9BU

Source: Yell.com & BT directories

The above table suggests that Bath's only competing gaming establishments are standard bookmakers and a bingo hall. Any new casino development will therefore create a more diverse offer, rather than diluting or over servicing this aspect of the gaming industry.

Visitor Market

Bath benefits from a robust visitor market. Bath and North East Somerset Council identified over 1.6 million visits to their attractions in 2004 and a total annual visitor spend of £281 million (see Section 1). It is this visitor population which Bath also seeks to service in the attraction of a small casino.

Operator Interest

The Council has so far received formal approaches from Aspinalls/Aspers and London Clubs International regarding the establishment of a casino in Bath. The Council has not entered into formal discussions with any casino operator and would appoint through a competitive tendering process.

Section 6 – Regional and Local Context

The emerging Regional Spatial Strategy for the South West identifies Bath as a location for significant economic growth and a focus for tourism development growth reinforcing its role as an international visitor destination.

Sub-regional and Local Plan policies support Bath's role as a regional centre and a focus for international tourism and seek to guide the development of a greater variety of new commercial and leisure facilities to the city centre.

The emerging Regional Spatial Strategy for the South West of England establishes Bath as a Principal Urban Area and focus of significant economic growth within the West of England sub region. It recognises Bath's historic role as an international tourist and cultural destination and a focus for tourist development growth within the region. Commercial/leisure facilities would be compatible with the development of both the economic and tourist role of the city.

- Development Policy A : defines Bath as a Strategically Significant City/Town (SSCT) – SSCTs are the primary focus for development where provision will be made to maintain and enhance their strategic function.

- Policy SR5 : sets out the spatial strategy for Bath – policy seeks to establish the City as the focus of up to 20,000 new jobs and the location of up to 7500 new homes over the 20 year period of the RSS.

- Policy CA1 : deals with the provision of casinos and guides their development to existing major regional tourism destinations named as SSCTs.

The Regional Economic Strategy has an objective of maximising the potential and competitiveness of the region's cities and larger towns. For Bath, it highlights the need to facilitate the growth of business services and leisure and tourism to maximise World Heritage status.

The Joint Replacement Structure Plan (2002 - 11) for the West of England sub-region seeks to maintain and enhance Bath's role as a regional economic and international tourist centre. The establishment of tourist/leisure facilities within the city would be compatible with this policy objective.

- Policy 6 : identifies the need to maintain and enhance the economic and social prosperity of Bath and its role as a regional centre and a focus for international tourism.

- Policy 6 : also provides for the enhancement of tourist and cultural facilities.

- Policy 46 : promotes the provision of new tourist and visitor attractions and accommodation in Bath.

The Bath and North East Somerset Local Plan supports the development of major commercial/leisure facilities and contains policies which guide these uses to Bath city centre.

- Policy L8 : has a key objective of maintaining and enhancing Bath's regional, sub-regional and local importance as a centre for business and employment.

- Policy SR7 : guides the development of new commercial leisure uses to Bath's central shopping area.

There are significant regeneration opportunities within Bath city centre including Bath Western Riverside which has been identified as a focus of mixed use regeneration within the local plan, and supported by the Bath Western Riverside Supplementary Planning Guidance. Other regeneration sites include Bath Quays and Sawclose. The redevelopment of the Southgate area of the City to provide a major new retail facility is due to commence this year.

Bath is inscribed as a UNESCO World Heritage Site. Whilst the status requires a sensitive approach to development, the vitality of the city is central to the maintenance of the City's historic fabric. An increased tourism and visitor offer reinforces the City's potential in this area. The development of a casino is compatible with Bath's historic role as a centre of pleasure.

Section 7 – Community Benefits

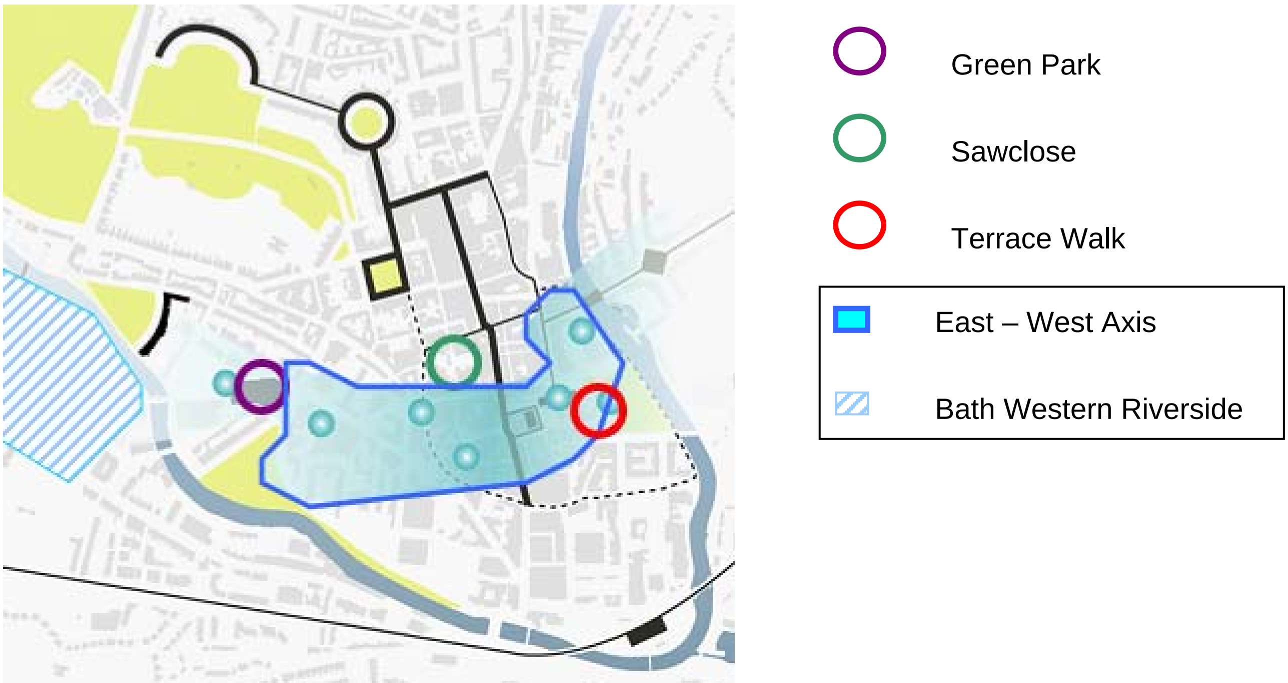
The Council would seek to locate the casino where it can play a positive role in promoting better connectivity and visitor management in the City Centre and stimulate new investment and public realm improvements. The Council has identified areas of the City which would offer a greater variety of leisure pursuits, increasing the importance of the evening economy.

The Council would seek a formal agreement with the chosen casino operator to secure investment in public realm and community support initiatives.

The "Vision for Bath" and "Bath Business Plan" identify weaknesses in Bath city centre which the development of a casino in particular locations would help to address. The current physical layout of the City has resulted in a fracture between the city core and the south west city centre. A strong north-south axis in the centre is reflected in the daily bustle of workers, shoppers and tourists while the weak east-west axis results in less vibrant streets dominated by vehicular travel. Removing this fracture is particularly important when considering the relationship between the Bath Western Riverside regeneration area to the south west of the city centre and the city core.

Three locations for a casino in Bath would be investigated in conjunction with the 'Vision for Bath' and 'Bath Business Plan'. Each has previously been identified as a possible development site and lie along the east-west axis. A casino would contribute to improving the deteriorating public realm along this axis, encourage pedestrians away from the currently busy and sometimes over-crowded north-south route and encourage investment from other private interests.

Proposed sites for development of a Casino in Bath



The Council would also look to the development of a casino to invigorate the evening economy in the City and provide the numerous leisure and hospitality businesses in the city centre with a more sustainable market place. In their Town and City Centre Retail Study

(2004), Nathaniel Lichfield identified that the whole of Bath and North East Somerset *'has a modest selection of commercial leisure facilities which does not reflect the potential catchment population'.* This results in a lack of pedestrian activity in the city centre in the early evening.

The development of a casino sits well with the Council's aim to increase pedestrian footfall in the City throughout the evening. This aim is balanced with reducing the current levels of fear of crime in the evenings and addressing the needs of residents living in the city centre. The Council's licensing and planning processes would contribute towards extending and improving the measures in place to minimise disturbance to City centre residents and address community safety.

The Council would seek to lock the chosen casino operator into a binding agreement which would provide:-

- A one off regeneration contribution which would be invested in public realm improvements on the east/west axis. This will combine improving the quality of the physical environment, developing public space for pedestrian use and improving connectivity within the centre with public safety measures such as improving the quality of lighting.

- An on-going framework of contributions to assist with community support initiatives within the city centre: these could include/focus on contributions to local community funds and national organisations such as 'Responsibility in Gambling Trust' to provide support services to those affected by gambling addiction, improving public safety throughout the city and measures to reduce disturbance in the evening where the responsible operation of leisure facilities has resulted in several partnership initiatives as detailed in Section 2.

Section 8 – Unique Characteristics

Bath provides a unique location for the siting of a small casino combining as it does a World Heritage site, an international tourism destination with hot springs and a new state of the art Spa, regional shopping facilities and a developing centre for health and well being, creativity, fun and enjoyment.

Bath is one of the few entire cities in Europe to be designated by UNESCO as a World Heritage Site. This inscription reflects the universal value of Bath's 18th century architecture and urban design, the harmony between the city's built form and its natural landscape setting, and the outstanding heritage and archaeology associated with over two thousand years of spa culture.

Bath has the only hot springs in the United Kingdom which are the city's 'raison d'etre'. The spiritual and therapeutic significance of the mineral-rich waters were recognised from at least 8000 BC, when ancient hunter gatherers first settled in the vicinity. The hot springs have been central to each successive phase in the expansion and prosperity of the city centre from the Roman occupation to the current day.

Bath reached its economic and cultural zenith in the 18th century when it enjoyed international renown as Britain's leading spa resort. The city prospered from an economy built on its thermal waters, gambling, fashion and entertainment, successfully attracting a cross-section of society from royalty and the nation's leading literary, artistic and scientific minds to the poor, sick and infirm in search of a cure.

The fashionable card tables of the Upper and Lower Assembly Rooms actively contributed to an economy and culture which created Georgian Bath. The physical and cultural legacy of this era is still enjoyed by millions of visitors and underpins Bath's World Heritage Site status.

During 2005, Bath and North East Somerset Council developed a twenty year vision for the revitalisation of the city centre. Entitled 'Future for Bath', the vision seeks to address the evident decline of the local economy by re-establishing Bath's distinctiveness and attractiveness as an international centre for health and wellbeing, fun and enjoyment, creativity, intellectual and 'green' technologies and living heritage.

In the summer of 2006, the City's dramatic new spa will open its doors to the public, providing the UK's only natural thermal water spa facility. The growth of the spa industry world-wide suggests that health, wellbeing and leisure will become increasingly significant themes in 21st century society. The European model of the spa town or 'Ville d'Eau' which continues to thrive across the Continent, defines a Spa not just as a bathing facility, but as a destination which offers culture and entertainment, inspirational architecture and landscape, parks and gardens, café society and casinos. It is widely recognised that casinos plays a very significant role in the economies of numerous European spa towns, such as Baden Baden in Germany.

Bath is now on the threshold of re-inventing itself as the nation's leading spa town with a revitalised economy and an enhanced and expanded city centre. Longer-stay cultural and business tourism will become a mainstay of Bath's future economy and without a casino Bath will be unable to compete with other Spa towns and destinations across the world. A small quality casino is seen as a much needed and historically appropriate addition to the attractions of Bath and would actively assist in the economic, cultural and social regeneration of the City for the benefit of residents and visitors alike.

With its existing international tourism base and the appeal of its cultural and heritage and retail attractions, Bath is also well placed to assist in the positive promotion of casinos and gambling as part of a wider and hopefully more positive concept encompassing fun, enjoyment, high quality entertainment and health and wellbeing.